IGCESH2016
Universiti Teknologi Malaysia, Johor Bahru, Malaysia 15 -17 August 2016

UNDERSTANDING ONLINE BANKING ACCEPTANCE BY JORDANIAN CUSTOMERS: THE EFFECT OF TRUST PERCEPTIONS

Mohammed A. Al-Sharafi[1], R Abdullah-Arshah[2], Qasim Alajmi[3] and Fadi Herzallah[4]
[1, 2,3] Faculty of Computer Systems & Software Engineering, University Malaysia Pahang, Lebuhraya Tun Razak, 26300, Gambang, Pahang, Malaysia.
(E-mail: *ma_shrafi@yahoo.com, ruzaini@ump.edu.my; qasim.alajmi@omancollege.edu.om)
[4]Faculty of Information Science and Technology, National University of Malaysia, 43600, Bangi Selangor, Malaysia
(E-mail: fadi.herzallah@yahoo.com)

ABSTRACT

Trust is essential for all online transactions adoption and usage including online banking. In this paper, online banking trust was addressed through empirical evidence from the survey conducted in Jordanian commercial banks. An extended Technology Acceptance Model (TAM) framework used in this study. Partial Least Squares (PLS) to analyze the data, which was composed of 198 questionnaires conducted with bank's customers in Jordan. The results confirm that trust increases if users perceive online banking to be useful whereas perceived ease of use fails to predict Jordanians' intention to accept and use online banking. The findings from this study are useful for policy makers, banking sectors and financial practitioners to enhance the use of online banking services among Jordanians.

Key words: Online Banking, TAM, Ease of Use, Usefulness, Trust.

INTRODUCTION

Within the recently growing advances in Information Technology innovations, many aspects of human life as well as performance of organizations have been revolutionized. This is especially more realized through the significant evolvement of the Internet that has changed life for the last decade of the 20th century. Such rapid changes resulted by this promising technology have influenced the banking sectors [1].

Due to the increasing importance of such rapid technological changes, Information and Communication Technology (ICT) has been increasingly realized as a major driver in business development of banking sectors. Therefore, it is necessary for incorporation of Information Technology innovations in various departments of banking sectors to offer advanced and varied services, accelerate their performance, reduce in expenditure, and achieve more effective productivity [1-4]. In relation to the benefits of online baking for banking sectors, online banking is capable of offering provide competitive advantages, providing cost efficiencies, reaching customers at different and distanced geographical areas, setting up a brand name, and offering customized services. Concerning customers, either individuals or companies, online banking has features that enable customers not only to carry out or conduct banking transactions such as transfer of funds applications of loans, opening of fixed deposit account and letter of credit or investment activities but also enable them to manage their personal finance through facilities such as importing data into

personal accounting software and account aggregation. Using online banking, customers can financial transactions anytime and anywhere [5, 6]. Although online banking is useful and advantageous for both banks and customers, there are still several underlying issues that should be addressed and taken into account by interested bank sectors. One of the most crucial issue is trust [3, 6]. For instance, some previous studies showed that trust is one of the major issues for customers to accept the applications of online banking [7, 8]. [7, 8]. Other studies indicated that customers are not used to applying such online transactions, especially online banking. This is primarily due to the issue of trust as well as risk concerns among users or customers . It was also found that there is reluctance among customers in relation to providence of sensitive information to banks' websites and applications. This is because they worry about misusing debit and credit cards, which underlies their lack of trust [6, 9]. As pointed out by [9] and [10], one of the most important indicators of the success to many information system innovations is gaining customers' trust. Trust is also one of the essential aspects of online banking since it results into customers' acceptance of such services. In addition, trust is regarded as the major element in establishing a long-term relationship between banking sectors and customers. However, customer lack of trust is still a major barrier to in acceleration of the adoption of online transactions especially, acceptance and usage of online banking [1, 7, 11, 12].

The present study aimed at shedding some light on the influence of Jordanian customers' Perceived Ease of Use (PEOU) and Perceived Usefulness (PU) of online banking on their trust, acceptance and usage of such services. The study also investigated trust as an important element in the success and growth of online banking and determined the key trust factors as well as their effects on Jordanian users' intention and decision to accept and use online banking in performing financial and non-financial transactions. The results of the present study are expected to assist practitioners and researchers in Information System (IS) to manage and strategize elements in establishing trust, which will, in turns, foster or strengthens customers' acceptance of online banking and financial services. Such findings will also help banking sectors to offer more customer-oriented services and develop e-commerce competitive advantage.

MAIN RESULTS

The results of the parameter estimates and statistical for all the four constructs: ITU, PEOU, PT and PU show that they are all valid measures of their respective constructs. The overall results of the measurement model satisfactorily support the model in terms of reliability, convergent and discriminant validity. The study used the Partial Least Square (PLS) technique and Path Coefficient (ß) criterions with the aim of testing the six research hypotheses. The results of the measurement model analysis shown in Figure 1. The study investigated the impact of PEOU on behavioural intention to adopt online banking (H1) and the relationships between PEOU and PU (H2) and PT (H3). The results of path coefficient (ß) and R^2 values demonstrate that PEOU has no significant effect on users' or customers' behavioural intention to use online banking as the path coefficient was only 1.8%. Furthermore, the estimation of path coefficient and R^2 between PEOU and intention to use online banking is equal to zero. Such result indicates that there is no significant effect between these two constructs. However, it was interesting that the results support the significant relationship between PEOU and PU to use online banking. This is evidenced by the estimated path coefficient between PEOU and PU (63.2%). There is also a significant effect of PU on PT (H4) and behavioural intention to use online banking (H5) as indicated by the results of the path coefficient (ß) and R^2. The relation between PT and ITU (H6) is a significant where estimated path coefficient had reached 46.4%.

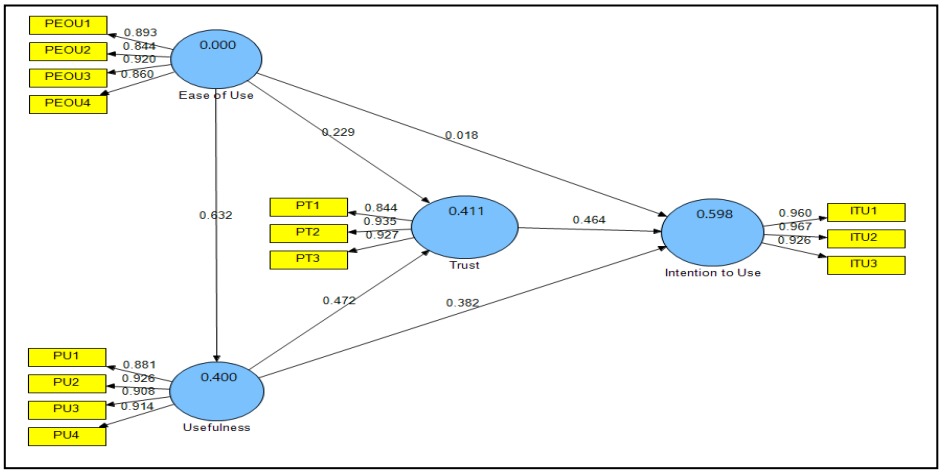

Figure 1. Results of Measurement Model

CONCLUSION

The results of the present study support the conventional views of the effect of PEOU and PU as independent variables on the PT in Online banking. The study also provided insights into the role of PEOU, PU, and PT in predicting the intention to use Online Banking among Jordanian consumercustomers of commercial banks in the city of Irbid, which is the second largest city in Jordan. The study adopted the PLS technique in testing the proposed research hypotheses. A general descriptive analysis was conducted, to obtain a summary about the respondents' demographic characteristics by using the response means, frequencies, and standard deviations. Then, the data were analyzed by using the Partial Least Squares (PLS) method, with SmartPLS 3 software, which involved measurement and structural model to testing the proposed research hypotheses.

REFERENCES

1. Hanafizadeh, P., B.W. Keating, and H.R. Khedmatgozar, *A systematic review of Internet banking adoption.* Telematics and informatics, 2014. **31**(3): p. 492-510.
2. Kreutzer, R.T. and K.-H. Land, *Digital Darwinism: Branding and Business Models in Jeopardy*. 2014: Springer.
3. Al-Sharafi, M.A., et al. *The Effect of Security and Privacy Perceptions on Customers' Trust to Accept Internet Banking Services: An Extension of TAM*. in *International Conference on Computer Science, Engineering and Technology (COMCSET 2016); Kuala Lumpur, Malaysia*. 2016. UTM KUALA LUMPUR CAMPUS.
4. Sathye, M., *Adoption of Internet banking by Australian consumers: an empirical investigation.* International Journal of bank marketing, 1999. **17**(7): p. 324-334.
5. Malaquias, R.F. and Y. Hwang, *An empirical study on trust in mobile banking: A developing country perspective.* Computers in Human Behavior, 2016. **54**: p. 453-461.
6. Roy, S.K., A. Kesharwani, and S. Singh Bisht, *The impact of trust and perceived risk on internet banking adoption in India: An extension of technology acceptance model.* International Journal of Bank Marketing, 2012. **30**(4): p. 303-322.
7. Akhlaq, A. and E. Ahmed, *The effect of motivation on trust in the acceptance of internet banking in a low income country.* International Journal of Bank Marketing, 2013. **31**(2): p. 115-125.
8. Chaudhry, A., A. Parveiz, and Y. Javed, *Determinants of Users' Trust for Branchless Banking in Pakistan.* J Internet Bank Commer, 2016. **21**(141): p. 2.
9. Yousefi, N. and A. Nasiripour, *A proposed model of e-trust for electronic banking.* Management Science Letters, 2015. **5**(11): p. 1029-1040.
10. Abu-Shanab, E., *Antecedents of trust in e-government services: an empirical test in Jordan.* Transforming Government: People, Process and Policy, 2014. **8**(4): p. 480-499.
11. Mukherjee, A. and P. Nath, *A model of trust in online relationship banking.* International Journal of Bank Marketing, 2003. **21**(1): p. 5-15.
12. Salo, J. and H. Karjaluoto, *A conceptual model of trust in the online environment.* Online Information Review, 2007. **31**(5): p. 604-621.